GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:103
ANSWERED ON:07.03.2002
DISMANTLING OF APM IN PETROLEUM SECTOR
NITISH SENGUPTA;PRABODH PANDA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government are sticking to its earlier decision to dismantle the administered price mechanism for petroleum products;

(b) if so, the details in this regard?

(c)whether the abnormal price rise of some petroleum products specially diesel, LPG and Kerosene is not acceptable in view of the sharp rise in international prices of crude and the outbreak of production by OPEC countries; and

(d) if so, the corrective measures being taken to safeguard the interests of the poorer section of the country?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO.103 T
ANSWERED ON 7TH MARCH 2002 REGARDING `DISMANTLING OF APM IN PETROLEUM SECTOR`

(a) & (b): The Administered Pricing Mechanism for petroleum products will be dismantled with effect from 1st April 2002. The following decisions have inter-alia been taken in this regard:-

(i) The oil pool account will be dismantled on 1st April 2002 and the outstanding balances will be liquidated by issue of oil bonds to the concerned oil companies.

(ii) The pricing of petroleum products and indigenous crude oil will become market determined, but Government will continue to provide subsidy on PDS Kerosene and domestic LPG.

(iii) Subsidies on PDS Kerosene and domestic LPG will be borne by the Consolidated Fund of India from 1st April 2002The subsidies will be phased out in the next 3 to 5 years.

(iv) There will be freight subsidy for far-flung areas for PDS Kerosene and domestic LPG.

(v) Private parties will be permitted to market transportation fuels subject to specified guidelines.

(vi) A regulator will be set up to oversee the downstream petroleum sector.

(c): There has been no sharp rise in the international prices of crude oil in the recent period.

(d): Does not arise in view of (c) above.